Daily Livestock Report

Sponsored in part by CME Group

Vol. 15, No. 38 / February 27, 2017

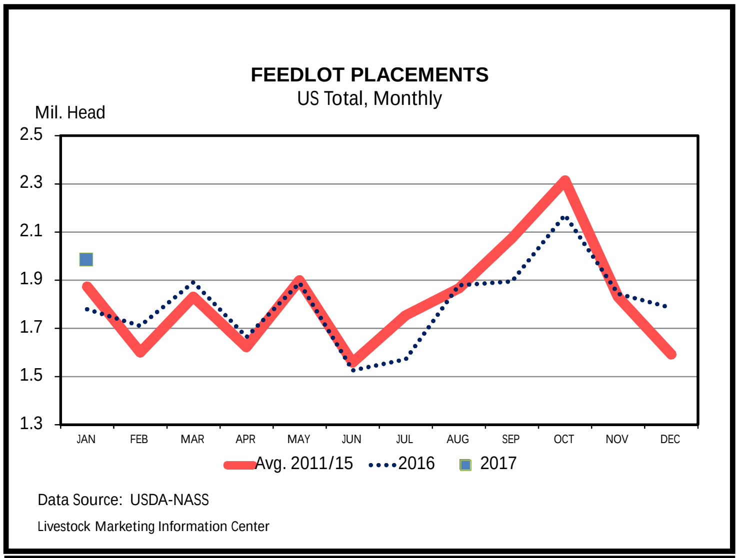
Last week livestock futures prices increased, based on averaging of the daily closes. February Live Cattle futures gained $4.90 per cwt. to average $121.80 and the April contract increased by $2.10 week-over-week (averaging $115.71 per cwt.). The March Feeder Cattle futures market contract increased relatively modestly by $0.53 per cwt. week-over-week, averaging $124.13. For the April contract, Lean Hog futures increased compared to the prior week by $1.45 per cwt., averaging $68.03 per cwt., the highest since the week ending February 21st ($70.35 per cwt.).

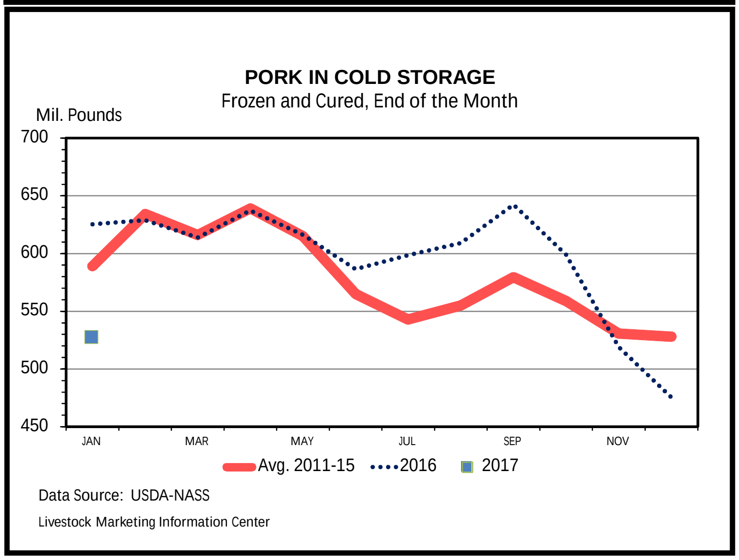
Numbers in USDA's monthly Cattle on Feed report by the National Agricultural Statistics Service (see the NASS report here) were as expected, that is very close to the average of market analyst pre-report estimates, which we summarized last week (available here). During January, both head marketed and placed into feedlots were well above a year ago. For the month, the surveyed feedlots (those with 1000 head or larger capacity) marketed 10.2% more animals than a year ago and on a daily average basis the increase was 4.9%. Compared to last year, fed animal marketing's have been robust, cattle feeders being eager sellers and packers very willing buyers.

Cattle placed into feedlots during January were up 11.4% year-over-year. One factor bolstering placements was the turn-around in profitability for fed steers and heifers sold during January. Estimated profit on closeouts was well in the black and the best in the last 28 months, according to monthly calculations by the Livestock Marketing Information Center, which assume feeding out a 750-pound steer.

In the monthly surveyed feedlots, there was a modest 0.7% (73,000 head) more cattle on-feed than a year ago as of February 1st. NASS annually provides some additional structural data on the U.S. industry in the February Cattle on Feed report. They reported (page 15) that the number of feedlots in the U.S. with a capacity of 1,000 head or less actually increased some in 2016 compared to 2015 and that those feedlots marketed 7.1% or 205,000 head more than in 2015. Feedlots with over 1000 head capacity (those surveyed monthly) accounted for 87.1% of fed cattle marketed in 2016 compared to 87.2% in 2015. Total capacity of U.S. feedlots with over 1000 head capacity was 17.3 million head as of January 1, 2017, which was an increase of 200,000 animals compared to a year earlier.

Turning to the NASS monthly Cold Storage report (released last Thursday), as of the end of January, year-over-year total pork in U.S. freezers declined 15.8%, but did increase month-over-month.





Frozen pork belly stocks continued to erode and reached their lowest level since the end of September 2015. Frozen beef stocks increases slightly (0.6%) year-over-year and also dropped compared to the prior month. For readers that maintain databases, note that in the Cold Storage 2016 Summary report (also released last Thursday), NASS revised boneless beef stocks significantly higher for several months in 2016. Total chicken frozen stock tonnage declined by 5.8% year-over-year, while turkey jumped 17.1%.

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PRODUCTION & PRICE SUMMARY

Week Ending 2/25/2017

Source: Various USDA Agricultural Marketing Service reports. Some data are preliminary.

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
			25-Feb-17	18-Feb-17		27-Feb-16			
	Beef, Pork, Chicken, & Turkey	Mil Lbs., cwe	1,803	1,817	-0.7%	1,752	2.9%	13,704	0.5%
C	FI Slaughter	Thou. Head	575	572	0.5%	541	6.4%	4,626	3.6%
A	FI Cow Slaughter **	Thou. Head	115	117	-1.4%	105	9.4%	680	1.6%
T	Avg. Dressed Weight	Lbs.	821	822	-0.1%	827	-0.7%	822	-0.7%
T	Beef Production	Million Lbs.	470.7	468.7	0.4%	446.0	5.5%	3,804	2.8%
L	Live Fed Steer Price, 5-Mkt	$ per cwt	124.38	119.59	4.0%	136.02	-8.6%		
E	Dressed Steer Price, 5-Mkt	$ per cwt	195.92	189.91	3.2%	213.21	-8.1%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	144.79	142.08	1.9%	172.72	-16.2%		
&	Choice Beef Cutout	$ per cwt	194.48	188.93	2.9%	216.51	-10.2%		
	Hide/Offal	$ per cwt, live wt	11.93	11.90	0.3%	10.54	13.2%		
B	Rib, Primal, Choice	$ per cwt	288.27	279.79	3.0%	340.97	-15.5%		
E	Round, Primal, Choice	$ per cwt	172.25	166.60	3.4%	196.19	-12.2%		
E	Chuck, Primal, Choice	$ per cwt	155.83	155.56	0.2%	172.99	-9.9%		
F	Trimmings, 50%, Fresh	$ per cwt	79.55	78.76	1.0%	54.59	45.7%		
	Trimmings, 90%, Fresh	$ per cwt	209.94	209.22	0.3%	212.52	-1.2%		
	FI Slaughter	Thou. Head	2,280	2,363	-3.5%	2,209	3.2%	18,502	-0.7%
H	FI Sow Slaughter **	Thou. Head	58.6	59.8	-2.0%	55.6	5.5%	340	-0.8%
O	Avg. Dressed Weight	Lbs.	212.0	213.0	-0.5%	212.0	0.0%	213	-0.2%
G	Pork Production	Million Lbs.	484.5	502.6	-3.6%	469.2	3.3%	3,937	-0.9%
S	Iowa-S. Minn. Direct	Wtd. Avg.	72.79	73.90	-1.5%	64.35	13.1%		
	Natl. Base Carcass Price	Wtd. Avg.	73.66	72.81	1.2%	65.22	12.9%		
&	Natl. Net Carcass Price	Wtd. Avg.	76.09	75.18	1.2%	67.40	12.9%		
	Pork Cutout	$ per cwt	82.48	85.01	-3.0%	74.93	10.1%		
P	By-product Value	$ per cwt, live wt	3.99	3.98	0.3%	3.22	23.9%		
O	Ham, Primal	$ per cwt	55.82	59.55	-6.3%	55.44	0.7%		
R	Loin, Primal	$ per cwt	76.62	75.08	2.0%	76.92	-0.4%		
K	Belly, Primal	$ per cwt	166.77	181.91	-8.3%	125.78	32.6%		
	Trimmings, 72%, Fresh	$ per cwt	66.58	60.96	9.2%	55.22	20.6%		
C	Young Chicken Slaughter *	Million Head	159.8	162.2	-1.5%	157.16	1.7%	1,116	0.5%
H	Avg. Weight (RTC)	Lbs.	4.64	4.61	0.5%	4.70	-1.3%	4.68	-0.3%
I	Young Chicken Production (RTC)	Million Lbs.	740.8	748.3	-1.0%	738.2	0.4%	5,229	0.2%
C	Eggs Set (19-state)	Million	213.6	211.7	0.9%	207.7	2.8%	1,478	1.5%
K	Chicks Placed (19-state)	Million Head	171.9	172.2	-0.2%	170.2	1.0%	1,204	1.1%
E	National Composite Whole Bird	Composite	86.12	85.67	0.5%	81.49	5.7%		
N	Northeast Breast, B/S	$ per cwt	115.38	106.86	8.0%	104.96	9.9%		
	Northeast Leg Quarters	$ per cwt	34.82	33.52	3.9%	27.55	26.4%		
T	Total Turkey Slaughter *	Million Head	4.02	3.74	7.4%	3.99	0.7%	28.3	-3.7%
U	Avg. Weight (RTC)	Lbs.	26.68	25.97	2.7%	24.66	8.2%	26.02	2.2%
R	Turkey Production (RTC)	Million Lbs.	107.2	97.2	10.3%	98.4	8.9%	735	-1.6%
K	National Hen (8-12 Lbs)	$ per cwt	99.90	99.35	0.6%	115.91	-13.8%		
G	Corn, Omaha	$ per Bushel	3.32	3.39	-2.2%	3.43	-3.4%		
R	Distillers Grain, Chicago	$ per Ton	100.00	NQ	N/A	NQ	N/A		
A	Wheat, Kansas City (delivered)	$ per Bushel	4.77	4.81	-0.8%	NQ	N/A		
I	Soybean, Cntrl IL	$ per Bushel	10.03	10.35	-3.1%	8.70	15.2%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	328.30	339.00	-3.2%	270.50	21.4%		

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this sheet.

** Cow and sow slaughter reflect levels from two weeks ago (part of 'actual" rather than "preliminary" weekly slaughter report).